

Message Text

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ACTION INR-07

INFO OCT-01 EUR-12 EA-07 IO-11 ISO-00 SS-15 EB-07 COME-00

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FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 6956

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY BERN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY OTTAWA

AMEMBASSY VIENNA

AMEMBASSY TOKYO

USMISSION NATO BRUSSELS

USMISSION GENEVA

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

LIMITED OFFICIAL USE STOCKHOLM 1215

E.O. 11652: N/A

TAGS: EEWT, EFIN, EINV, ETRD, SW

SUBJECT: FINANCING EASTERN EUROPE'S TRADE WITH THE WEST

REF: STATE 38308

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1. THE FOLLOWING PARAGRAPHS SUMMARIZE COMMENTS AS THEY PERTAIN TO REFTEL QUESTIONS. SWEDISH SOURCES CONSULTED INCLUDE THE SWEDISH EXPORT CREDIT GUARANTEE BOARD WHICH INSURES COMMERCIAL CREDITS, SWEDISH EXPORT COUNCIL WHICH ASSISTS COMMERCIAL FIRMS SELLING TO EASTERN EUROPEAN COUNTRIES, AND ONE COMMERCIAL BANK, SKANDINAVISKA ENSKILDA BANKEN.

2. ALL SOURCES WERE AWARE OF INCREASING DEBT BURDEN OF EASTERN EUROPEAN COUNTRIES AND THAT THESE COUNTRIES MUST TAKE APPROPRIATE MEASURES, E.G. EXPAND EXPORTS TO HARD CURRENCY AREAS, REDUCE IMPORTS, AND/OR SEEK NEW FINANCING. FOR IMMEDIATE AND NEAR FUTURE, HOWEVER, SWEDES DO NOT ANTICIPATE ANY DEBT COLLECTION PROBLEM. REPAYMENTS OF COMMERCIAL CREDITS HAVE BEEN ON SCHEDULE AND THERE HAS BEEN NO REQUEST FOR DEBT RESCHEDULING. POTENTIAL PROBLEM IS WITH POLAND WITH WHICH SWEDEN HAS LARGEST CREDIT EXPOSURE AS SWEDISH SALES IN 1974 AND 1975 DOUBLED. ALTHOUGH SWEDES DO NOT ANTICIPATE DIFFICULTIES IN DEBT COLLECTION, ALL SOURCES SAID SWEDEN MUST EXAMINE MORE CAREFULLY FUTURE CREDITS TO POLAND. ONE SOURCE IN EXPORT CREDIT GUARANTEE BOARD NOTED THAT POLAND HAS BEEN ASKING FOR LONGER TERM CREDITS, E.E. AN INCREASE FROM 8-1/2 TO 10 YEARS, ON CERTAIN PROJECT LOANS; THE REQUESTS WERE NOT UNUSUAL IN LIGHT OF ITS SIZE AND NATURE. A COMMERCIAL BANK SOURCE COMMENTED THAT SOME SWEDISH FIRMS HAVE HAD DIFFICULTY TRYING TO MEET MORE FAVORABLE TERMS OFFERED BY OTHER COMPETING WESTERN COUNTRIES (UK AND FRANCE WERE MENTIONED) IN SALE OF STEEL. POLAND REPORTEDLY HAS ASKED FOR TWO-YEAR CREDITS ON PRODUCTS WHICH MIGHT OTHERWISE BE FINANCED UNDER NORMAL COMMERCIAL TERMS. SWEDEN HAS HAD NO PROBLEM IN NEGOTIATING INTEREST RATES ON COMMERCIAL FINANCING.

3. NONE OF SWEDISH SOURCES HAD ANY INFORMATION INDICATING EASTERN EUROPEAN COUNTRIES MIGHT BE SEEKING MIDDLE EAST LOANS OR ASSISTANCE.
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